

Message Text

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PAGE 01 LUXEMB 00123 181351Z

ACTION EB-08

INFO OCT-01 EUR-12 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04
ITC-01 TRSE-00 USIA-15 PRS-01 SP-02 FEAE-00 OMB-01
GSA-02 OPIC-06 XMB-04 AF-08 ARA-10 EA-09 NEA-10 /159 W
-----181417 094540 /46

R 181250Z FEB 77

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC 5605

INFO AMEMBASSY BONN

AEEMBASSY BRUSSELS 1993

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS UNN

USMISSION OECE PARIS UNN

USMISSION MTN GENEVA

AMEMBASSY MADRID

AMCONSUL DUSSELDORD

UNCLAS LUXEMBOURG 0123

E. O. 11652: N/A

TAGS: EEC, ETRD, EIND, LU

SUBJECT: STEEL: SIMONET PLAN ETC.

REF: (1) EC BRUSSELS 00854; (2) BONN 02064

1. SUMMARY: IN A CONVERSATION WITH AN OFFICIAL OF THE
LUXEMBOURG ASSOCIATION OF STEEL PRODUCERS, ECONOFFICER ASKED
ABOUT STEEL INDUSTRY PROSPECTS, IMPLEMENTATION OF THE
SIMONET PLAN, EUROFER AND DENELUX. END SUMMARY.

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2. THE ASSOCIATION SPOKESMAN CONFIRMED THE GENERAL GLOOM
ABOUT ORDER BOOKS AND PRODUCTION EXPECTATIONS FOR 1977.
HE REMARKED THAT BUSINESS IS SO BAD NO ONE IS DISCUSSING
"LONG-TERM PROSPECTS " UNTIL THE CURRENT CRISIS IS PAST.
(OTHER CONTACTS HAVE ESTIMATED THAT THE REQUIRED DOWNWARD
STRUCTURAL ADJUSTMENT IN THE LUXEMBOURG STEEL INDUSTRY

IS OF 20-25 PERCENT OF THE PRESENT LABOR FORCE OF APPROX.
25,000 STEEL WORKERS.)

3. THE SIMONET PLAN OF THE EUROPEAN COMMISSION WITH ITS "GUIDELINES" - THE WORD "QUOTA" IS DECIDEDLY NOT USED - HAS NOT BEEN FORMALLY ACCEPTED IN LUXEMBOURG, BUT WITH ONE EXCEPTION IS BEING IMPLEMENTED. THE LUXEMBOURG RESERVATION ON THE PLAN CENTERS ON "OUTSIDERS" NOT PARTICIPATING IN THE PLAN. SPECIFICALLY MENTIONED WERE THE SMALLER BRESCIA, ITALY, PRODUCERS, BUT ALSO PRIVATE BRITISH COMPANIES AS WELL. THE LUXEMBOURG STEEL INDUSTRY OBJECTS TO THE SMALLNESS OF ITS ALLOCATION FOR CONCRETE RODS AND DECIDED TO REJECT THIS PARTICULAR SIMONET PLAN TARTET.

4. THERE SEEMS TO BE TOLERANCE BUT LITTLE ENTHUSIASM OR CONFIDENCE REGARDING EUROFER BY THE ASSOCIATION AND, IN RESPONSE TO A DIRECT QUESTION, IN NO WAY IS EUROFER VIEWED AS A SUBSTITUTE OR SUCCESSOR ORGANIZATION TO DENELUX. THE LATTER IS THOUGHT TO HAVE A VITAL ROLE TO PLAY AS A PRODUCER, I. E. NON-GOVERNMENT, COORDINATING GROUP REPRESENTING 40 PERCENT OF EC PRODUCTION. (NOTE: THE CHAIRMAN OF LUXEMBOURG'S ARBED, EMMANUEL TESCH, IS THE PRESIDENT OF DENELUX). ALSO, EUROFER IS EVEN NEWER THAN DENELUX AND THEREFORE UNTESTED BUT, MORE IMPORTANTLY, LARGER AND THEREFORE LESS LIKELY TO BE DECISIVE OR AT LEAST IN TIMELY FASHION. (ANOTHER KNOWLEDGEABLE STEEL INDUSTRY OBSERVER NOTES THAT DENELUX/ EUROFER CONTRIBUTED TO ELIMINATING THE PRICE COMPETITION

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I. E. REDUCTIONS AMONG EC PRODUCERS WHICH OCCURRED AT THE OUTSET OF THE RECESSION. NONETHELESS, THE ROOT PROBLEM IS LACK OF COMPETITIVENESS VIS A VIS NON-EC PRODUCERS. A RATIONALIZATION (AND FINANCING) OF NEW INVESTMENT IS THE NEXT CRITICAL STEP TOWARD REGAINING COMPETITIVENESS). GINN

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Message Attributes

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Sent Date: 18-Feb-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
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ISecure: 1
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